Federal Communications Commission

# Consumer News Alert

# Slamming

## What is "slamming?"

**"Slamming" is the practice of switching a customer's long distance carrier without his or her knowledge or consent. It is illegal, under Section 258 of the Telecommunications Act. The Federal Communications Commission has developed strong new rules to protect consumers if they are "slammed" by a long-distance carrier.**

**Customers may authorize a change in long distance carriers by requesting the change from the carrier, or by authorizing a new carrier to request the change on the customer's behalf. Slamming takes away the consumer's power to choose a long distance provider. If a consumer is slammed, it may drive up his or her long distance costs.**

- ***For tips on preventing slamming, see page 4***

## Your Rights and Responsibilities

### *New Rules Protect Consumers*

Tough new FCC rules enable consumers who have been slammed to take actions that will save them money and will enable them to better protect themselves. Under the new FCC rules, slamming victims would be entitled to the relief without having to file a complaint with the FCC.

Also under the new rules, if a consumer calls his carrier to report being slammed, the carrier must inform the consumer that he is not required to pay any charges incurred for the first 30 days after the unauthorized switch.

If the consumer fails to notice that he was slammed and has already paid the bill of the slammer, the slamming carrier is required to forward those payments to the authorized carrier which will issue the consumer a refund or a credit of any amount paid in excess of the charges they would have paid to the authorized carrier. Thus when slamming victims pay for the slammed calls, they are only liable for the amount they would have paid to their designated carrier - the carrier they had chosen before they had been unknowingly switched. Slamming victims will get a refund or credit for the difference.

### *If You've Been Slammed:*

1. Call your **local** telephone company and tell them that you did not order service from the new long distance carrier and you would like to be reconnected to your long distance company. Also, tell your **local** phone company that you want any "change charges" (charges for switching companies) taken off your bill.

2. Next, call the long distance company you were switched **from** and report the switch. Ask to be reconnected. You should not be charged for this reconnection.

3. Call the company that slammed you and let them know that all charges within 30 days of the slamming should be removed from the bill. Any other charges should be reduced to those that would have been charged by the authorized carrier. If this carrier will not adjust these charges, contact the FCC.(see page 2)

4. If you are unable to resolve your complaint with the company that switched your service, you can file a complaint with the FCC. (see page 2)

## *Complaining to the FCC*

The FCC has taken several important steps to make it quicker and easier for consumers to file slamming complaints with the FCC and to speed their resolution.

- The FCC unveiled a consumer protection web site in January with information on slamming and various telephone related fraud issues at **http://svartifoss.fcc.gov:8080/prod/ccb/enforcement/ccform.html.**
- Consumers are now able to file complaints via the FCC's web site at **www.fcc.gov/ccb/enforce/index-complaints.html** or over the phone, by calling the FCC's toll-free number **1-888-CALL-FCC** (1-888-225-5322).

Consumers may also file complaints in writing by sending a letter, in their own words to: FCC, Common Carrier Bureau Enforcement Division, Washington, DC 20554. The complaint letter should include:

- Your name, address, telephone number that was slammed and a daytime telephone number to reach you.
- The names of your local and long distance carriers, and the long distance company to which you were changed without your knowledge or permission.
- The names and telephone numbers of telephone company employees that you spoke with to resolve your complaint and the dates you spoke with them.
- Any other information to help the FCC handle your complaint, including copies of documents, such as your phone bill, a contest entry blank or a check.

# Phone Companies' Responsibilities

The FCC has changed the ways which a carrier must verify that a customer has authorized a switch in his or her telephone service providers.

## *Verification Method Changes*

### Welcome Packages

The FCC eliminated the "welcome package" as a verification method. Under that method, a carrier signs up a customer, mails the customer a package containing a postcard, and the customer has 14 days to mail back the postcard if he or she wishes to cancel the change. This puts the burden of action on consumers and this method has been subject to abuse by unscrupulous carriers.

### Verification of Customer-Initiated Switches

There are three acceptable methods to verify customer-initiated carrier changes:

**1** ***Electronic Authorization***
An electronic authorization, usually resulting from a customer-initiated call to a toll-free number

**2** ***Independent Third-Party Verification***
Verification from an independent third party

**3** ***Letters of Agency***
A consumer signature on an authorization form, known as a **Letter of Agency** (LOA). An LOA, provided by a long distance company, is an authorization in which a customer indicates **in writing** that he or she wishes to switch long distance companies.

- An LOA **must** be separate or severable from inducements such as prizes and contests. The LOA provided by the carrier must be limited strictly to authorizing a change in long distance carrier and it must be clearly identified as an LOA authorizing such a change.

- The LOA must be written in clear and unambiguous language and the print must be of sufficient size and readable style, generally comparable in type and size to the promotional materials, and must make clear to the consumer that the document, when signed, would change his or her long distance carrier.

- The LOA must contain full translations if it uses more than one language.

- It must also include: the subscriber's billing name and address and each telephone number to be covered by the change order; a statement that the subscriber intends to change from his or her current long distance company to this new company; a statement that the subscriber designates this new carrier to act as the agent for this change; and a statement that the subscriber understands that there may be a charge for this change.

- These requirements also apply to LOAs sent to businesses.

### *Checks as LOAs*

Advertising promotions that use "checks" are exempt from the separate or severable requirement, but must meet specific guidelines**:**

- The check must contain the required letter of agency language and necessary information to make it a negotiable instrument.

- It shall not contain any other promotional language or material.

- The carriers must place the required letter of agency language near the signature line on the back of the check.

- Carriers must print on the front of the check, in easily readable bold-faced type, a notice that the consumer is authorizing a change in his or her long distance carrier.

## Verification of Telemarketer-Initiated Switches

For long distance service generated by telemarketing, an LOA may not be necessary. Before a long distance company can place an order to switch a customer who agreed to sign up during a telemarketing call, that company must use one of the following methods to verify that the customer authorized the switch:

- Obtain an LOA from the customer. (The LOA must meet the requirements outlined previously.)

- Provide the customer with a toll-free number to call to confirm the order to switch long-distance companies.

- Have a independent third party verify the customer's authorization to switch.

## Verification of Customer "Freezes"

Starting April 27, 1999, the FCC also strengthened the method by which a consumer can "freeze" his or her existing carrier, thus prohibiting another carrier from claiming that it has been authorized to request a carrier change on behalf of the consumer. The Commission now requires the local telephone carrier that executes a switch in a consumer's long distance service to confirm the switch with the customer. The Commission further required that solicitations for preferred carrier freezes be clear and explain to the consumer how such a freeze may be lifted. This safeguard is necessary, because although preferred carrier freezes may protect consumers against slamming, the freezes may also be subject to anticompetitive abuses.

To find out how to place a freeze on your account, call your local phone company.

# What Can I Do To Prevent Slamming?

- you can freeze your existing carrier, thus prohibiting another carrier from claiming that it has been authorized to request a carrier change on behalf of the consumer.
- review phone bills carefully each month. If you see any unfamiliar names, or charges that you cannot identify, call your local phone company and ask about these items.
- listen to your carrier's name when you make long distance calls.
- never sign anything without reading it carefully.
- if you receive a phone call about long distance service and you are not interested in switching your service, be sure to tell the caller that you are not interested in receiving his or her service.
- if someone sends you a letter or postcard "verifying" that you have switched services, notify them that you did not authorize the change, then call your local telephone company to confirm that you are still with your preferred carrier.

# *My Notes:*

Federal Communications Commission
Washington, DC 20554

Official Business